

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
May 13, 2004
CHICAGO, ILLINOIS
Revised**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on May 13, 2004 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom, Members Violet Clark, Gary Peterlin, and William Dugan.

Chairman Higginbottom convened the May 13, 2004 Regular Meeting at 8:35 A.M. in the 3rd floor Board Conference Room. Member Clark moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (May 13, 2004) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Dugan seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 2:21 P.M.

Chairman Higginbottom announced that Member Fanning is not with the Gaming Board any longer. Chairman Higginbottom stated that the Senate did not confirm Member Fanning's appointment to the Board. Chairman Higginbottom stated that it is a loss to the people of the State of Illinois that the Senate chose to make the decision that it did. Chairman Higginbottom stated that Member Fanning made a very valuable contribution to the Board and to the business that is conducted by the Board. Chairman Higginbottom stated that he will miss Member Fanning. Chairman Higginbottom stated that he as well as all of the other Board members wish Member Fanning well in his business endeavors.

Minutes

Member Clark moved that **the Board approve the closed session minutes of its Regular Meeting of February 5, 2004, Special Meeting of February 19, 2004, Special Meeting of**

February 23, 2004, Special Meeting of February 25, 2004, Special Meeting of March 1, 2004, Special Meeting of March 4, 2004, Regular Meeting of March 11, 2004, Special Meeting of March 25, 2004, Regular Meeting of April 8, 2004, Special Meeting of April 13, 2004, Special Meeting of April 22, 2004, Special Meeting of April 26, 2004 and the open session minutes of its Special Meeting of March 1, 2004, Special Meeting of March 4, 2004, Special Meeting of March 5, 2004, Regular Meeting of March 11, 2004, Special Meeting of March 15, 2004, Special Meeting of March 25, 2004, Regular Meeting of April 8, 2004, Special Meeting of April 13, 2004, Special Meeting of April 22, 2004 and Special Meeting of April 26, 2004. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom announced that the licensees are moving forward as quickly as possible to implement ticket vouchering technology. Chairman Higginbottom stated that about one-third electronic gaming devices have been converted to ticket vouchering technology. Chairman Higginbottom stated that seven of the Board's facilities are participating in ticket vouchering technology. Chairman Higginbottom commended all of the licensees that have been participating in ticket vouchering technology.

Chairman Higginbottom stated that the technology is being received very well by the patrons. Chairman Higginbottom stated that there are a lot of benefits from ticket vouchering technology. Chairman Higginbottom stated that the ticket vouchering technology would make the Illinois licensees more competitive with the surrounding states. Chairman Higginbottom stated that the important thing that the Board needs to focus on for the future is Illinois' market share compared to Indiana, Missouri, and other states that surrounds Illinois.

Chairman Higginbottom commended Deputy Legal Counsel Mike Fries and his staff: Trudy Curtis, Eleni Markos, Ron Partak, and Ed Filippini for the endless hours of work with the licensees that they contributed to get the technology up and running.

Chairman Higginbottom stated that earlier today in closed session the Board discussed the Attorney General's recent announcement on her desire to go back to the revocation hearing with regard to the Emerald process. Chairman Higginbottom stated that the Board does not agree with the Attorney General's assessment of this Board's actions regarding the Emerald Casino license. Chairman Higginbottom stated that there was a settlement agreement that was negotiated and a process that was set in place. Chairman Higginbottom stated that the Board followed that process. Chairman Higginbottom stated that the settlement agreement was an agreement that was negotiated by that Attorney General.

Chairman Higginbottom stated that after a winning bidder had been selected, the Board had a public session in which the Board explained their positions and how they arrived at the conclusion to award the 10th license to Isle of Capri. Chairman Higginbottom stated that if you just follow the process and look at what the process said, the Attorney General was

premature in “pulling the plug” on this process. Chairman Higginbottom stated that the process said that there should be three finalists, and of the three finalists, the Board would select a winner. Chairman Higginbottom stated that the process said that once the winner was selected and there was a confirmation of the reorganization plan, the winner would then be in a position to file an application for a license with the Illinois Gaming Board. Chairman Higginbottom stated that once that application for license is filed with the Illinois Gaming Board, the Board would conduct a suitability investigation of the applicant. Chairman Higginbottom stated that should the applicant not be able to close, the process provided that of the other two finalists one could be selected to go forward. Chairman Higginbottom stated that he does not see that there is a reason why the Board would want to “pull the plug” and not let that process go through to its natural end. Chairman Higginbottom stated that in this time of a budget crisis, this sale of the Emerald Casino license would yield approximately \$380 million dollars to the taxpayers of the State of Illinois.

Chairman Higginbottom stated that he feels that the Attorney General is a little premature in her decision to go back to the revocation hearing. Chairman Higginbottom stated that it is not the desire of the Board to go back to the revocation hearing.

Chairman Higginbottom stated that on May 1, 2004 he had the opportunity to visit Alton, IL for an affair. Chairman Higginbottom stated that he had the opportunity to meet some of the people in the community. Chairman Higginbottom stated that Alton Belle Casino and the Argosy organization sponsored the affair. Chairman Higginbottom stated that he was impressed with all of the good things that Argosy is doing in the community to assist in the economic development. Chairman Higginbottom stated that he observed the number of good things that the community has done with the dollars received from the community’s local share of taxes. Chairman Higginbottom congratulated and thanked the Argosy organization for all of the good things that Argosy is doing for the community.

Chairman Higginbottom stated that as it relates to the Self-Exclusion Program, the Board has enrolled over 1,500 people. Chairman Higginbottom stated that the Board feels that the program is very important. Chairman Higginbottom stated that the Board understands the issues of problem gambling and would like to continue to develop programs that will help people who have problems with gambling.

Administrator’s Report

Interim Administrator Tamayo announced that there would be a Special meeting on Tuesday, May 18, 2004 at 8:30 A.M. to discuss litigation, the 10th license process, and Emerald Casino, Inc.

Interim Administrator Tamayo stated that Staff has been working for the last couple of months to revise the Owners Acquisition Application. Interim Administrator Tamayo stated that it should be finalized by the end of the day on Friday.

Interim Administrator Tamayo stated that Staff has also started working on the Personnel Disclosure Form I to make revisions. Interim Administrator Tamayo stated that one of the things that Staff is looking at is the Multi-Jurisdictional Form that New Jersey and other States have provided to Staff. Interim Administrator Tamayo stated that Staff is trying to establish the differences between what Illinois is requiring and what other jurisdictions are requiring to see where the process could be streamlined.

Interim Administrator Tamayo stated that Staff would be scheduling meetings with suppliers and owner licensees to discuss operational issues.

Interim Administrator Tamayo stated that Staff has been keeping up with the overall revenues of the supplier's sales and leases in Illinois to see how they relate to TITO. Interim Administrator Tamayo stated that for the first quarter in 2004, the licensed Illinois suppliers generated revenues of over \$14 million dollars. Interim Administrator Tamayo stated that Staff would be providing a full report to the Board in June in terms of where Staff sees TITO affecting the suppliers and owners.

Interim Administrator Tamayo stated that in the past month, Staff has had a two-day statewide supervisor's meeting that covered a number of operational items.

Interim Administrator Tamayo stated that there were no findings against the Board during the Auditor General's two-year compliance report for the Board for the period ending June 30, 2003. Interim Administrator Tamayo stated that the Board's fiscal compliance, as well as its operational compliance with the Riverboat Gambling Act, and all of the various laws and policies that the Board is required to follow, was evaluated during the audit. Interim Administrator Tamayo stated that auditors have started to conduct a new risk assessment audit and are now focusing on the Internal Controls unit, but will be focusing on each of the operational units of the department.

Gene O'Shea, Public Information Officer, provided the Board with a quarterly Self-Exclusion report.

Mr. O'Shea stated that to date, the total persons enrolled in the Self-Exclusion Program is 1,516. Mr. O'Shea stated that since the program started in July 2002 there has been a total of \$38,141.20 compensated from gamblers who have returned to the casinos after being added to the self-exclusion list. Mr. O'Shea stated that of that figure, \$3124.94 was paid out in taxes, leaving the total donated to various organizations to \$35,016.26.

Mr. O'Shea provided the Board with statistics that included the busiest enrollment month and site, a breakdown of the number of residents enrolled in Illinois and other States, a breakdown by gender enrolled, a breakdown by age enrolled, and a breakdown by ethnicity.

Interim Administrator Tamayo announced that there is a General Manager's meeting scheduled for Friday, May 14, 2004. Interim Administrator Tamayo stated that the topics

would cover TITO, the Self-Exclusion Program, digital surveillance, electronic key boxes, marketing plans, kids in cars, and operational changes.

Interim Administrator Tamayo reminded all of the licensees that the public comment period is running on two rule-making items that are pending before the Joint Committee and Administrative Rules. Interim Administrator Tamayo stated that one rule is with regard to the surrender of supplier licensees and the second is with regard to the removal of a name from the Board's exclusion list. Interim Administrator Tamayo stated that if anyone would like to make comments to direct them to Dennis Brown within the necessary time period.

Interim Administrator Tamayo stated that Staff continues to advocate for additional personnel, which is much needed.

Owner Licensee Items

- Penn National Gaming Inc. – Waiver of Two-Meeting Rule and Request to Refinancing Current Credit Facility - Paul Jensen, Attorney, was present on behalf of Penn National to request a waiver of the Two-Meeting Rule.

Member Peterlin moved that **the Board waive the two meeting requirement of Board Rule 3000.105(e) and permit Penn National Gaming Inc. to present for Board approval its request to refinance its Senior Subordinated Notes.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

- Penn National Gaming Inc. – Request to Refinance its Senior Subordinated Notes – Paul Jensen, Attorney, was present to request approval for Penn National to refinance its senior subordinated notes.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Penn National Gaming Inc.'s request to refinance its Senior Subordinated Notes consistent with the terms and conditions proposed in its April 19, 2004 correspondence to the Chief Legal Counsel.**

Further, Member Clark moved that **the Board delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documentation.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- Par-A-Dice casino/Boyd Gaming – Request to Refinance Current Credit Facility - Mark Schroeder, Attorney, and Ellis Landau were present on behalf of Boyd Gaming Company to request approval to refinance its current credit facility.

Based on the review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Par-A-Dice Casino/Boyd Gaming's request to refinance**

their current credit facility consistent with the term sheet submitted to the Administrator on March 16, 2004 as revised. Further, Member Peterlin moved that **the Board delegated to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documentation.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- Casino Queen – Mitchell K. Johnson, EGD Manager – Level One – Jeff Watston, General Counsel, was present on behalf of Mitchell Johnson to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Mitchell K. Johnson, as a Level 1 Occupational Licensee in his position as the slot manager at the Casino Queen, Inc.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- Grand Victoria Casino – Michael Garipay, Controller – Level One, Mark Schroeder, Attorney, was present on behalf of Michael Garipay to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Michael Garipay as a Level 1 Occupational Licensee in his position as the Controller at Elgin Riverboat Resorts d/b/a Grand Victoria Casino.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- Grand Victoria Casino – Wayne E. Sawyer, Director, Slot Operations – Level One – Mark Schroeder, Attorney, was present on behalf of Wayne E. Sawyer to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Wayne Sawyer as an Occupational Licensee, Level 1, in his capacity as Director of Slot Operations at the Elgin Riverboat Resorts d/b/a Grand Victoria Casino.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- Grand Victoria Casino – Peter M. Liguori, Executive Committee – Key Person – Mark Schroeder, Attorney, was present on behalf of Peter M. Liguori to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Peter M. Liguori, as a Key Person in his position as a member of the Executive Committee for Elgin Riverboat Resorts d/b/a the Grand Victoria**

Casino. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Harrah's Entertainment – Gary W. Loveman, CEO – Key Person – John Janicik, Attorney, was present on behalf of Gary W. Loveman, to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Gary W. Loveman, as a Key Person in his capacity as Chief Executive Officer, Harrah's Entertainment, Inc.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Harrah's Metropolis – Jimmie D. Jones, Surveillance Director – Level One – Thomas A. Thanas, Attorney, was present on behalf of Jimmie D. Jones to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board approve Jimmie D. Jones as a Level 1 Occupational Licensee in his position as the Surveillance Director at Southern Illinois Riverboat Casino Cruises.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 138 applications for an Occupational License at Level 2, and 301 applications for an Occupational License at Level 3.**

Further, Member Clark moved that **the Board direct the Interim Administrator to issue a Notice of Denial to the following applicant for a Level 3 license, who previously received notice that staff had intended to recommend denial and either did not respond or provide additional information to rebut the recommendation:**

- **Trina Brooks**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

- In Re The Disciplinary Action of David Theiring

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against David Theiring, a Level 2 Occupational Licensee, for failing to comply with the Riverboat Gambling Act and the**

Board's Adopted Rules in relation to David Theiring's September 17, 2003 felony conviction.

Further, Member Peterlin moved that **the Board revoke David Theiring's occupational license. Said action will take effect twenty-one (21) days from the date of service of the Complaint unless the licensee files an answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Martina Rodriguez Alarcon a/k/a Carmen Morales

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board issue a disciplinary complaint against Martina Rodriguez Alarcon, an Occupational Licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules in relation to Martina Rodriguez Alarcon fraudulently obtaining a gaming badge on July 21, 2001 through the use of false identification.**

Further, Member Clark moved that **the Board revoke the occupational license issued to Martina Rodriguez Alarcon under the name Carmen Morales. Said action will take effect twenty-one (21) days from the date of service of the Complaint unless the licensee files an answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Victor Bibar a/k/a Ivan Sanchez a/k/a Victor Vivar

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against Victor Bibar, an Occupational Licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules in relation to Victor Bibar fraudulently obtaining a gaming badge on March 16, 2001 through the use of false identification.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Sharmin Clifton

Based on a review of the staff's investigation and recommendation Member Clark moved that **the Board issue disciplinary complaint against Sharmin Clifton, an occupational licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules.**

Further, Member Clark moved **that the Board revoke Sharmin Clifton's occupational license. Said action will take affect 21 days from the date of service of the complaint unless the licensee files and answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Todd Porter

Based on a review of the staff's investigation and recommendation Member Peterlin moved **that the Board issue disciplinary complaint against Todd Porter, an occupational licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules.**

Further, Member Peterlin moved that **the Board revoke Todd Porter's occupational license. Said action will take affect 21 days from the date of service of the complaint unless the licensee files and answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re The Disciplinary Action of Aaron Oliver

Based on a review of the staff's investigation and recommendation Member Clark moved that **the Board issue disciplinary complaint against Aaron Oliver, an occupational licensee, for failing to comply with the Riverboat Gambling Act and the Board's Adopted Rules.**

Further, Member Clark moved that **the Board revoke Aaron Oliver's occupational license. Said action will take affect 21 days from the date of service of the complaint unless the licensee files and answer within that time period.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Board Members' Comments

Member Peterlin stated that he feels that many people are suggesting solutions to the situation regarding the 10th license. Member Peterlin stated that he hopes that those who are in an opportunity to be apart of suggesting solutions would take the time to sit down and meet with the Board to see if there can be a solution to the overall problem. Member Peterlin stated that every time someone suggests a solution, there appears to be several legal questions that have to be answered before the recommended solution could even be carried out. Member Peterlin stated that he has heard so many solutions suggested but he has not seen anything happen that has been particularly productive. Member Peterlin stated that he feels that there is an opportunity for the "powers to be," that suggest some of the solutions, to start communicating with each other. Member Peterlin stated that he hopes that there is an opportunity for the Board to start communicating with the "powers to be." Member Peterlin invited those with suggestions to sit down with the Gaming Board and Staff to talk about some of the issues that have to be addressed rather than just potentially suggesting solutions that really can't be carried out.

Chairman Higginbottom stated that the Board has in the past, and is always prepared to, sit down and speak to people regarding the reasons why the Board made the decisions that it did as it relates to the 10th license. Chairman Higginbottom stated that the Board was able to answer any questions that the public had in a public forum on April 8, 2004. Chairman Higginbottom stated the Board has analyzed the issue well, and it feels that it has acted in the best interest of the citizens of the State of Illinois. Chairman Higginbottom stated that the

Board stands by the decision that it made to move forward with the sale. Chairman Higginbottom stated that the Board stands by the fact that they complied completely with the terms of the settlement agreement and the sales process. Chairman Higginbottom stated that the Board was consistent with the recommendation of Isle of Capri by Rothschild, the investment banker that was brought on board to sell Emerald Casino, Inc.

Chairman Higginbottom stated that the Board would like to see the 10th license up and operating so that the citizens of the State of Illinois can realize the benefit from the ten licenses that were issued several years ago.

At 3:08 P.M., Member Clark moved to adjourn. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board